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SUBJECT: OECD REPORTING: ENVIRONMENTAL POLICY
COMMITTEE MEETING, MARCH 2-3, PARIS, FRANCE

SUMMARY

Judith E. Ayres, Assistant Administrator for International Affairs, Environmental Protection Agency, led the U.S. delegation at the March 2-3 meeting of the OECD Environmental Policy Committee (EPOC) in Paris, France. The main outcome of the meeting was the approval of a Program of Work and Budget for the upcoming biennial 2007-2008 budget. With U.S. support, the budget request (yet to be approved by OECD Council) of 3.7 million euros for 2007 and 3.8 million euros for 2008 was approved. In addition, the Committee elected Kevin Keefe of Australia as the new EPOC Chair. The Committee received updates on the OECD Environmental Outlook, a major project of the committee projecting environmental trends to 2030; discussed the state of OECD's country environmental performance review program; approved the forwarding to OECD Council a Recommendation on Good Environmental Fiscal Management Practices; and received an update on an enhanced environmental communications strategy designed to facilitate the implementation of the Environment Committee's new Strategic Vision. END SUMMARY

OPENING SESSION

1. Chairman Mats Olsson opened the meeting, the agenda was approved, and noted that the Strategic Vision was approved and declassified on 1/30/2006. In his opening remarks Deputy Secretary-General Kiyo Akasaka noted that 2006 was the year for environment at OECD that included the successful launch of the U.S. Environmental Performance Review (EPR), the Strategic Approach to International Chemicals Management (SAICM) Meeting, the World Water Forum, and the start of the EPR for China. DSG Akasaka also stated that the results of the medium-term orientation survey showed high ratings for natural resource management, climate change, and the horizontal project on sustainable development. No environmental programs were at the bottom of the OECD-wide ranking list.

2. Lorents Lorentsen, Director of the OECD Environment Directorate, congratulated the group on the development of the Strategic Vision. He also highlighted the need for better modeling of environmental policies and economic impacts; the need to look at more efficient use of energy; and the need for a stronger link between environmental degradation and natural disasters. He also noted that the EPR review team had just returned from China and needed additional funding.

OECD ENVIRONMENTAL OUTLOOK PROGRESS REPORT

3. The OECD's Environmental Outlook is in the process of being updated, with environmental and economic projections to the year 2030. EPOC was briefed on the status of this project. A draft outline for the Outlook was presented composed of two parts. Part 1 is the baseline, and Part 2 is simulations and analysis of specific policy options for addressing environmental challenges. A wide variety of comments on the simulation component including those who liked the idea of a modeling exercise and the USG who felt it was more useful to concentrate on establishing the best baseline possible, prior to designing policy simulations. The topic of simulations will be discussed more extensively at the upcoming Working

Party on Global and Structural Policies (WPGSP) meeting. The project will report in depth at the EPOC meeting in October. Also the Secretariat suggested that a no action baseline, the effect of delaying policy, be constructed.

ENVIRONMENT PROGRAM OF WORK AND BUDGET (PWB)

14. The Committee reviewed in detail and approved a 2007-2008 Program of Work and Budget (PWB). The zero increase budget requires strong priorities statements by members. The U.S. supported the 3.7 million euros annual budget request as consistent with the overall U.S. position that OECD's Part 1 budget should remain constant. The U.S. also approved the addition of a new budget "output" area "Environment in the Global Economy." The budget will be submitted to the Secretary General in June 2006 and then submitted to

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the OECD budget committee. During discussion, several countries suggested that the titles of the Outputs should align more closely with the Strategic Vision titles that link more closely to core economic interests. The Secretariat felt changing titles might confuse things but that subtitles might be added that link to the Strategic Vision. Several members commented that they would like more mitigation in the discussion of climate change (Germany, Hungary, Ireland, Poland, Sweden, EU). Several countries also found that the prioritization exercise was difficult and many didn't do it. The Secretariat indicated that it would investigate other approaches to prioritizing for use in the future. The USG supported the proposed overall budget as described in the PWB Overview document. The USG also supported the proposed allocation of Part 1 resources among the five Output Areas comprising the Environmental Sustainability "Output Group." After a good bit of discussion the group endorsed the proposed budget for the PWB.

INTEGRATING NON-MEMBERS

15. Brendan Gillespie, Environment Directorate, presented a detailed report on outreach policies and activities. It was suggested that Global Fund for Sustainable Development and Environmental Performance Reviews were important outreach vehicles for EPOC. It was also suggested that there should be closer coordination with the OECD's Development Assistance Committee. The U.S. expressed support for outreach activities and supported EPOC support continuation of environmental compliance assistance and enforcement projects in non-member countries.

ENVIRONMENTAL PERFORMANCE REVIEWS (EPR): BEYOND THE SECOND CYCLE

16. In early 2009 OECD will finish the second full cycle of member nation environmental performance reviews. The U.S. was successfully reviewed in 2005. The Committee discussed options for the next cycle of reviews, led by the Working Party on Environmental Performance Chair Oyvind Lone of Norway. The Environmental Performance Review program is one of OECD's most promising tools and an effective outreach strategy. USG is a strong supporter of this program and supports increased resources within the upcoming 2007-2008 PWB. Rather than increasing resources for EPR, several countries suggested that the reviews should be used more strategically. Some countries suggested conducting less holistic reviews and focus on specific issues that are being considered in international fora. Many countries, including the U.S., expressed the opinion that the time between reviews is too long for trends to be identified. Several countries (Australia, Norway, Switzerland) emphasized the importance of derived products (e.g. An assessment of water management policies across countries). The USG reiterated that it might be interested in pursuing derived products rather than solely pursuing country-level reviews.

PARTNERSHIPS

17. A presentation of proposed and ongoing work on partnerships was given. Part 1 of the analysis would address whether different types of partnerships

require different types of evaluation. Part 2 would be an evaluation framework and case studies. Canada questioned whether this was heading in the right direction. They suggested that the focus should be on answering simple questions such as, what are the conditions for effective partnership, and how do we measure success? These questions were similar to those previously raised by former EPA Administrator Leavitt. The Secretariat noted that no voluntary contributions have been received for this work, which was suggested for EPOC by the U.S. at the 2004 Environment Ministerial meeting.

COUNCIL RECOMMENDATION OF GOOD ENVIRONMENTAL FISCAL
MANAGEMENT PRACTICES

18. The U.S. and other members, with the exception of Poland, approved the forwarding of this completed recommendation to OECD Council for formal adoption. The comments that the U.S. had provided earlier had been incorporated into this draft version.

UPDATED ENVIRONMENTAL COMMUNICATIONS STRATEGY

19. The Secretariat sees an effective communication strategy as a way of maximizing the influence of the OECD on national policy-making, and as a tool for increasing Part 1 funding. They propose to better target communications and to use existing tools more effectively as they have limited central resources. The suggestion was made that a communication expert be hired or that one be seconded from a member nation. U.S. was supportive of the new strategy, particularly the designation of "flagship" activities or outputs that would each have their own enhanced communications strategy.

OTHER BUSINESS

110. The Committee elected Kevin Keefe as the new EPOC chair and congratulated outgoing Chair Mats Olsson of Sweden, Paolo Soprano of Italy and Kamil Vilinovic of the Slovak Republic for their contributions.

NEXT MEETING

11. Logistical issues for EPOC's October 25-27 meeting in Krakow, Poland were discussed. The meeting is being held in Poland due to the ongoing space constraints associated with the ongoing renovation of OECD Headquarters.
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